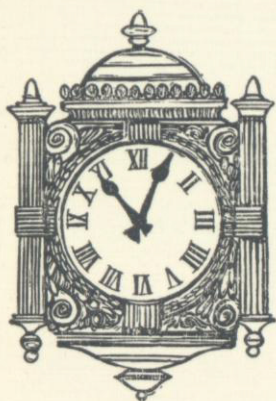


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ANNUAL REPORT OF

MARSHALL FIELD & COMPANY

YEAR ENDED JANUARY 31, 1956

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MARSHALL FIELD & COMPANY

*founded in 1852
an Illinois corporation
incorporated in 1901*

general offices:

25 EAST WASHINGTON STREET, CHICAGO 2, ILLINOIS

1955

ANNUAL REPORT TO SHAREHOLDERS

General Counsel

WILSON & McILVAINE
Chicago

Public Accountants

ARTHUR ANDERSEN & CO.
Chicago

Transfer Agents

**CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO**
Chicago

GUARANTY TRUST COMPANY OF NEW YORK
New York

Registrars

THE FIRST NATIONAL BANK OF CHICAGO
Chicago

BANKERS TRUST COMPANY
New York

BOARD OF DIRECTORS

JOHN M. BUDD
President,
Great Northern Railway Company

WILLIAM V. KAHLER
President,
Illinois Bell Telephone Company

KENT CHANDLER
Vice Chairman of Executive
Committee and Secretary,
A. B. Dick Company

HUGHSTON M. McBAIN
Chairman,
Marshall Field & Company

MARSHALL FIELD, JR.
Editor and Publisher,
Chicago Sun-Times

HAROLD J. NUTTING
Executive Vice President,
Marshall Field & Company

STANLEY FIELD
President,
Chicago Natural History Museum

JAMES L. PALMER
President,
Marshall Field & Company

CHARLES Y. FREEMAN
Chairman of Executive Committee,
Commonwealth Edison Company

JAMES SIMPSON, JR.
Farmer

HENRY P. ISHAM
President,
Clearing Industrial District, Inc.

JOHN P. WILSON
Partner,
Wilson & McIlvaine

CORPORATE OFFICERS

HUGHSTON M. McBAIN, *Chairman*

JAMES L. PALMER, *President*

HAROLD J. NUTTING
Executive Vice President

WILLIAM S. STREET
Executive Vice President

PAUL M. HAMMAKER
Senior Vice President

GERALD A. SIVAGE
Vice President

JOHN D. ANDERSEN
Vice President and Comptroller

RALPH E. BOWERS
Vice President and Secretary

JOHN McKINLAY, JR.
Vice President and Treasurer

GEORGE G. RINDER
Assistant Comptroller

ARTHUR JACKSON
Assistant Secretary

CHARLES M. RHODES
Assistant Treasurer

VICE PRESIDENTS

PUBLIC RELATIONS AND DEVELOPMENT DIVISION

EARL KRIBBEN
Civic Affairs

JOHN T. MOSS
Architecture and Design

LAWRENCE B. SIZER
Public Relations

CHICAGO STORES DIVISION

DAVID W. DAVIDSON
Merchandising

CLARENCE T. GREGG
Merchandising

DONALD K. KEITH
Suburban Stores

HARRY D. PERKINS
Merchandising

LLOYD H. RICHMOND
Personnel

WILLIAM C. STETSON
Merchandising

JASPER UTZ
Sales Promotion

FREDERICK & NELSON DIVISION

CORNELIUS J. BYRNE
Merchandising

MYRON C. LAW
Operating

January 31, 1956

THE STORY IN BRIEF
(in thousands of dollars)

	Year Ended January 31, 1956	Thirteen Months Ended January 31, 1955
Net Sales	\$201,300	\$206,300
Income before Federal Taxes.....	15,400	13,200
Federal Taxes on Income.....	8,000	6,600
Net Income	7,400	6,500
Federal Taxes per Common Share.....	4.13	3.42
Net Income per Common Share.....	3.49	3.01
Dividends Declared per Common Share.....	2.00	2.00
Current Net Income Retained in the Business	2,900	1,800
Cash and Securities.....	38,400	41,100
Accounts Receivable	25,500	21,300
Merchandise Inventories	29,300	27,900
Merchandise on Order.....	9,500	8,300
Current Assets	94,900	91,800
Current Liabilities	24,800	21,900
Net Working Capital.....	70,100	69,900
Ratio of Current Assets to Current Liabilities	3.8	4.2
Fixed Assets	55,500	52,800
Expenditures for Plant and Equipment		
Stores in Operation.....	1,800	3,500
New Stores	4,500	800
Depreciation	3,000	3,100
Long-term Debt	30,000	30,000
Amount Paid in for Capital Stock.....	41,000	41,000
Earned Surplus	54,500	51,600
Book Value per Common Share.....	41.45	39.96
Number of Shareholders.....	15,962	15,908

MARSHALL FIELD & COMPANY

The Board of Directors submits to the Shareholders this annual report for the fiscal year ended January 31, 1956.

OPERATING RESULTS

Your Company's net income for the year ended January 31, 1956 was \$7,414,000. For the thirteen months ended January 31, 1955 net income was \$6,534,000.

In 1954 we changed our annual accounting period from the calendar year to a fiscal year ending January 31. This made it necessary to cover a thirteen-month period between January 1, 1954 and January 31, 1955 in our annual report issued a year ago.

For this reason the operating data presented in the table below are not directly comparable.

	1955 (fiscal year)	1954 (13 months)
NET SALES	\$201,257,000	\$206,309,000
Wages, salaries and employe benefit costs	49,414,000	51,355,000
Cost of merchandise and miscellaneous expenses	135,882,000	141,139,000
Net interest expense.....	522,000	637,000
Federal income taxes.....	8,025,000	6,644,000
NET INCOME	7,414,000	6,534,000
NET INCOME PER COMMON SHARE....	\$3.49	\$3.01

The quarterly dividend rate of fifty cents per Common Share was maintained during the current fiscal year as it has been for the preceding eight years. Quarterly dividends of varying amounts have been paid in each of the past sixteen years.

The income of your Company in the fiscal year ended January 31, 1956 before interest and taxes was \$15,961,000 compared with \$13,815,000 in the preceding thirteen-month period.

Total net sales of the Company in the fiscal year ended January 31, 1956 were \$201,257,000 compared with \$206,309,000 in the preceding thirteen-month period. In the fiscal year just ended sales were 5% greater than in the preceding twelve-month period.

Sales and earnings before interest and taxes in each of our retail stores in the fiscal year ended January 31, 1956 were higher than in the preceding twelve-month period.

Between January 31, 1955 and January 31, 1956 there were no particularly significant changes in the Company's balance sheet. Cash and marketable

securities decreased from \$41,100,000 to \$38,400,000. Merchandise inventories increased 5% and accounts receivable increased from \$21,300,000 to \$25,500,000. Earned surplus increased from \$51,600,000 to \$54,500,000. The ratio of current assets to current liabilities decreased from 4.2 to 1, to 3.8 to 1.

Our total merchandise on hand and on order on January 31, 1956 was \$38,700,000 compared with \$36,200,000 on the same date in the preceding year.

There has been no appreciable change in your Company's annual rent obligation under long-term leases on properties now in operation. This amount is approximately \$300,000 per annum, considerably lower in ratio to sales than is usually the case in the retailing industry.

Payments toward the 1955 cost of our Retirement Program were \$1,757,000. On January 31, 1956 the value of assets in our Pension Trust was \$30,100,000.

As reported previously, we have made large expenditures since the war on the modernization and improvement of our physical properties. We are continuing the policy of keeping these in excellent condition. Total capital expenditures on stores in operation throughout the fiscal year ended January 31, 1956 were \$1,800,000, considerably less than our charge for depreciation on these same properties. The largest single item among these expenditures was the cost of the final stage of our program to air condition all selling areas in our main Chicago store and the Store for Men. The installation of two completely automatic elevators in the Store for Men was an innovation in department store operation and accounted for another sizable expenditure. Customer acceptance of this improvement was so favorable that we have ordered three more such elevators. Upon the completion of their installation the Store for Men will be fully equipped with automatic elevator service.

Again in the coming year we expect our capital expenditures on stores now in operation to be less than our charge for depreciation. Among improvements contemplated are the modernization of the beauty salon in the main Chicago store and the establishment of a unique gift department on the first floor of the store which will feature imported items exclusively. The great emphasis we have been placing upon imported merchandise during the past two or three years makes possible this extension of our service to customers. Never in our long history have we carried wider assortments of distinctive imported merchandise, much of which can be found nowhere else in America.

EXPANSION PROGRESS

We opened a new store in Park Forest, Illinois, in March 1955. Its sales have exceeded our expectations to such an extent that we plan to enlarge its area by leasing the second floor of the building it occupies. The additional space should be ready for occupancy early this coming autumn. The store then will have more than 100,000 square feet of floor area and will be approximately as large as our Evanston store.

Ground was broken for our Old Orchard store, located in Skokie, Illinois, March 31, 1955. This store will be owned by us and rapid progress is being made in its construction. With its 300,000 square feet of floor area, this will be by far the largest of our present suburban stores. The Old Orchard shopping center, in which this store is the major unit, will contain about 50 stores

occupying about 900,000 square feet of space. Most of the space available has been leased.

As previously announced, our next important store in the midwest area is planned for the Mayfair shopping center in Wauwatosa, a suburb of Milwaukee, Wisconsin. For reasons beyond our control this project has been moving more slowly than we anticipated. We doubt if it will be in operation prior to 1958, though we hope that construction will be started before the end of this year.

In the Seattle suburb of Bellevue, Washington, we broke ground last summer for a new store much larger than the small unit now operated there. Construction is progressing satisfactorily and we expect to open this store during the coming autumn. It will contain more than 100,000 square feet of floor area. In appearance and appointments it will be quite similar to our new store in Park Forest, Illinois.

We estimate conservatively that these four new stores should add at least \$40,000,000 to our sales volume. As a group they gradually should add materially to our earnings per share. We are confident that they can be financed out of our present funds, assuming there is no serious recession or other unexpected developments of magnitude during the next several years.

Since 1948 we have been operating the two restaurants at Midway, Chicago's principal airport. We recently signed a lease to operate the restaurant in Chicago's new O'Hare International Airport. We are now serving food in temporary space there, pending the completion of more permanent facilities a few weeks hence. Indications are that we shall be in business at both airports indefinitely, as both will be needed to handle Chicago's enormous air traffic.

In 1955 we purchased approximately 150 acres of land about 16 miles west and a little south of the Chicago Loop. This area is under intensive study now and present indications are that a large shopping center will be started there during the next few years.

PERSONNEL MATTERS

We take great pride in the excellent performance of our employes in the year just concluded. We are fortunate in having an experienced staff of many skills and one that is conscientious, competent and courteous. Over 3,000 of our employes have at least 10 years of service and of these more than 1,100 have been with us 20 or more years.

As of January 1, 1956 we accepted with regret the resignation of Mr. Jean L. Schureman as General Merchandise Manager of our Chicago stores. For reasons of health he asked to be relieved of the heavy responsibilities inherent in that position. He has agreed, however, as a special assignment, to make a thorough study of our foreign markets and our buying operations in those markets.

Mr. Paul M. Hammaker, Senior Vice President, has been appointed General Merchandise Manager of the Chicago stores.

Mr. Gerald A. Sivage, Vice President, and former Treasurer, has been appointed General Operating Manager of the Chicago stores, succeeding Mr. Hammaker in that responsibility.

**CORPORATE
CITIZENSHIP**

Mr. John McKinlay, Jr. has been elected Vice President and Treasurer to succeed Mr. Sivage. Mr. McKinlay also will continue his former responsibilities as the head of our retail store expansion program.

We fully share the belief held by the founder of our Company, Mr. Marshall Field I, that the welfare of a business concern and that of the community which it serves are inseparable. Anything that is good for the community is good for the business. The healthier and more vigorous the city the more successful can be the business. Furthermore, we believe that a corporation has all the obligations of citizenship that attach to individuals.

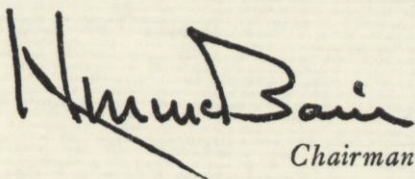
In line with these convictions your Company as a matter of policy has consistently given financial support to numerous civic, welfare, health and educational organizations. In order further to improve the administration of this support the Marshall Field & Company Foundation was organized recently. An initial contribution of \$300,000 was made by the Company to this Foundation in the fiscal year just ended.

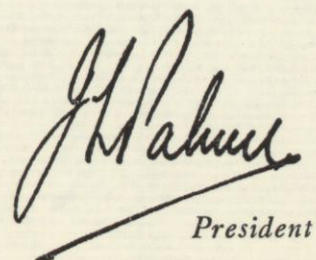
A great many of our people are constantly contributing freely of their time and energy to the work of organizations devoted to community improvement. For years one of our senior executives has devoted the greater part of his time to civic affairs. Every executive in the Company participates actively in the affairs of one or more civic or welfare organizations. Frequently, in recent years, positions of major responsibility have been held by members of our staff in many organizations, including, for example, the Fort Dearborn Project and the Central Area Committee in Chicago, Greater Seattle, Inc., the American Red Cross, the Community Fund of Chicago, the United Good Neighbor Fund of Seattle, various governmental agencies, hospitals, welfare agencies and educational institutions. Beyond this we have played an active role in the promotion of slum clearance, improved parking and more adequate transportation facilities. Our work in all of these areas of course has been shared by thousands of men and women in other forward-looking organizations. We believe that the practice of good citizenship by American industry and its personnel has had much to do with civic progress throughout the country.

OUTLOOK

We view the immediate future with moderate optimism. Your Company's position is sounder than it has been in many years. A pattern of steady and conservative growth has been established. The general business outlook appears to be favorable. We have a talented and vigorous organization. Our physical plant is thoroughly modern. Our competitive position is strong. Barring adverse developments beyond our control and not now in view, continued improvement in your Company's affairs may reasonably be expected.

By Order of the Board of Directors,


Chairman


President

March 15, 1956

**MARSHALL FIELD
& COMPANY**

	Year Ended January 31, 1956	Thirteen Months Ended January 31, 1955
INCOME STATEMENT		
NET SALES	\$201,257,360	\$206,308,873
DEDUCT:		
Materials and services purchased from others	\$130,606,938	\$135,401,915
Wages, salaries and employe benefit costs..	49,413,970	51,355,365
Provision for depreciation and amortiza- tion	3,006,226	3,133,547
Taxes, other than social security and Fed- eral income taxes.....	2,269,072	2,603,162
Net interest expense.....	521,762	637,107
Federal income taxes.....	8,025,000	6,644,000
	<u>\$193,842,968</u>	<u>\$199,775,096</u>
NET INCOME FOR THE PERIOD.....	<u>\$ 7,414,392</u>	<u>\$ 6,533,777</u>
 EARNED SURPLUS		
BALANCE AT JANUARY 31, 1955.....		\$51,647,328
Net income for the year.....		7,414,392
		<u>\$59,061,720</u>
Cash dividends declared on—		
Cumulative Preferred Shares, 4¼ % Series..	\$ 637,500	
Common Shares (\$2.00 per share).....	3,887,526	4,525,026
		<u>\$54,536,694</u>
BALANCE AT JANUARY 31, 1956.....		

**MARSHALL FIELD
& COMPANY
BALANCE SHEETS**

ASSETS	<u>January 31, 1956</u>	<u>January 31, 1955</u>
CURRENT ASSETS:		
Cash	\$ 11,623,253	\$ 10,120,239
United States Government securities and other short-term investments, at cost...	26,794,852	30,949,599
Receivables from customers and others, less reserves	25,541,912	21,346,281
Merchandise inventories, priced at the lower of cost or market.....	29,274,783	27,862,091
Prepaid insurance, supply inventories, etc.	1,629,238	1,492,303
Total Current Assets.....	<u>\$ 94,864,038</u>	<u>\$ 91,770,513</u>
FIXED ASSETS:		
Land, leaseholds, buildings and equipment, at cost	\$ 81,303,461	\$ 77,127,256
Less — Reserves for depreciation and amortization	25,831,077	24,365,970
Net Fixed Assets.....	<u>\$ 55,472,384</u>	<u>\$ 52,761,286</u>
 GOODWILL, TRADEMARKS, ETC.....	 \$ 1	 \$ 1
	<u><u>\$150,336,423</u></u>	<u><u>\$144,531,800</u></u>

LIABILITIES	January 31, 1956	January 31, 1955
CURRENT LIABILITIES:		
Accounts payable	\$ 6,250,388	\$ 5,467,614
Accrued Federal income taxes	8,639,925	7,606,713
Other accrued liabilities	9,883,422	8,784,151
Total Current Liabilities	<u>\$ 24,773,735</u>	<u>\$ 21,858,478</u>
3¾% NOTES, maturing from 1972 to 1982..	<u>\$ 30,000,000</u>	<u>\$ 30,000,000</u>
CAPITAL STOCK:		
Cumulative Preferred Shares—		
Authorized 300,000 shares of \$100 par value, issuable in series—4¼% Series; redeemable at premium of \$4.00 per share; issued and outstanding 150,000 shares	\$ 15,000,000	\$ 15,000,000
Common Shares—		
Authorized 4,000,000 shares of no par value, of which 180,000 shares may be sold to officers or employees without first offering such shares to the shareholders; options have been granted for 49,375 shares at \$29 per share; issued and outstanding 1,943,763 shares at stated value	16,818,815	16,818,815
AMOUNT PAID IN FOR SHARES IN EXCESS OF PAR OR STATED VALUE	9,207,179	9,207,179
EARNED SURPLUS (\$28,000,000 not avail- able for dividends on Common Shares as long as 3¾% Notes are outstanding)	54,536,694	51,647,328
	<u>\$ 95,562,688</u>	<u>\$ 92,673,322</u>
	<u>\$150,336,423</u>	<u>\$144,531,800</u>

**AUDITORS'
CERTIFICATE**

ARTHUR ANDERSEN & CO.

120 SOUTH LA SALLE STREET
CHICAGO 3

*To the Shareholders of
Marshall Field & Company:*

We have examined the balance sheet of MARSHALL FIELD & COMPANY (an Illinois corporation) as of January 31, 1956, and the related statements of income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We had made a similar examination for the thirteen months ended January 31, 1955.

In our opinion, the accompanying balance sheet and statements of income and earned surplus present fairly the financial position of Marshall Field & Company as of January 31, 1956, and the results of its operations for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

ARTHUR ANDERSEN & CO.

Chicago, Illinois,
March 3, 1956

